

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF GENERAL)
TELEPHONE COMPANY OF THE SOUTH) CASE NO. 9678

O R D E R

Based on the prefiled testimony and responses to information requests, the Commission hereby advises the parties that the staff is reviewing the following issues. This list does not preclude examination or consideration of other issues by the staff or the Commission.

1. Maintenance Expenses
2. Embedded Complex Wire Sales
3. Depreciation and Amortization Expenses, in particular the \$1.3 million associated with Accts. 821, 831 and 841 charged to clearing accounts
4. Cash Working Capital
5. Level of Capitalization
6. Level of Access Revenues Including IX Lease and Billing and Collections
7. Level of Wage Adjustment
8. Out-of-Period Wages
9. Annualization Based on 3-Month Period

10. Affiliated Interests
 - A. General Office Allocation
 - B. Allocations Among State Operations
 - C. Publishing Company
11. JDIC and Interest Synchronization
12. IDC
13. Income Taxes and Amortization of Deferred Income Taxes
14. Employee Concessions
15. Other Current Regulatory Issues
 - A. Inside Wire
 - B. Tax Reform Act of 1986
 - C. Other (CPE, FCC Allocation Docket, etc.)
16. Allocation of Revenue Requirement to Basic Exchange Service
17. Exchange Schedule Rate Relationships
18. Local Exchange Cost of Service
19. Local Exchange Rate Group Consolidation
20. Elimination of Local Directory Assistance Exemptions and Call Allowances
21. Private Line Services and Mileage Pricing
22. Service Charges Pricing
23. Special Pricing of Local Exchange Services
24. Call Tracing and Repression of Call Tracing Bill Units
25. Late Payment Penalty
26. Local Operator Services Pricing
27. "Grandfathering" of 4-Party Service
28. Capital Structure

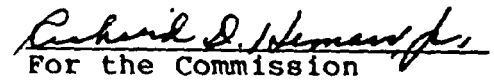
29. Cost of Debt

30. Cost of Preferred Stock

31. Rate of Return on Common Equity

Done at Frankfort, Kentucky, this 26th day of January, 1987.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director